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E.O. 12958: N/A

TAGS: [KNNP](#) [IR](#) [PREL](#) [PARM](#)

SUBJECT: USG QUESTIONS ON SWEDEN NOVEMBER 9 NOTICE ON BANK
SEPAH

REF: A. A) NOTE VERBALE

[1](#)B. 9 NOVEMBER 2007

[1](#)1. (U) This is an action request. Please see paragraph 3.

SUMMARY

[1](#)2. (U) On 9 November, Sweden notified the UNSCR 1737 Sanctions Committee of its intention to authorize-under paragraph 15 of UNSCR 1737-payments due under contracts with Bank Sepah entered into prior to the listing of Bank Sepah in Annex I of UNSCR 1747. Washington would like to request that Sweden provide more information to the Committee and the U.S. regarding these payments and the underlying contracts in order to confirm that the authorization of such payments is fully consistent with the terms of paragraph 15 of UNSCR 1737 and with recent Financial Action Task Force guidance on financial sanctions against a financial institution designated under UNSCRs related to WMD proliferation.

[1](#)3. (U) In accordance with paragraph 15 of UNSCR 1737 and paragraph 4 of 1747, Sweden may authorize these payments as early as November 23. We wish to immediately convey our request to the GOS, prior to the payment of any funds, and ask the GOS to delay authorization or withdraw its notification until more information is provided on the contracts and the nature of the transactions for which the unfrozen funds will be used.

[1](#)4. (U) FATF guidance regarding Bank Sepah can be found at the following web address:
http://www.fatf-gafi.org/dataoecd/23/16/39318_680.pdf

OBJECTIVES

[1](#)5. (U) Washington requests Mission approach appropriate Swedish government officials to discuss this issue drawing from paragraphs 2 and 3 and the objectives outlined below.

-- To ensure that the payments and underlying contracts referenced in Sweden's November 9 Note Verbale meet the terms of paragraph 15 of UNSCR 1737; in particular that the contracts were entered into before Bank Sepah's listing and do not relate to dual-use materials that could be captured under paragraphs 3 or 4 of that resolution.

-- To ask for additional details - prior to the payment of any funds - about:

---- The payments that will be made under this notification, such as the payment beneficiaries, the type of contract

involved, the dates the contracts were entered into, the date or dates of legal obligations to pay, and the amount of money (and type of currency) that is owed;

----- Whether these payments will be made under discretionary facilities, such as overdrafts or revolving facilities, that could constitute new banking business with Bank Sepah and would be inconsistent with recent guidance from FATF;

----- The services that have been or will be rendered under the prior contracts, and when payment is due for those services;

----- The types of goods involved and if these prior contracts involve the shipment of goods to Iran; and

----- The source of the funds that will be used to pay these prior contracts, and whether funds will be transferred into a Swedish account of Bank Sepah, and if so, at which bank.

----- The safeguards Sweden has in place, consistent with recent FATF guidance, to ensure that only permitted payments are made and to prevent new banking business with Bank Sepah.

REPORTING DEADLINE

¶6. (U) Mission should report results by November 30. Please slug replies for ISN, IO, T, TREASURY, EUR and NEA. Please include SIPDIS in all replies.

POINT OF CONTACT

¶7. (U) Washington point of contact for follow-up information is Kevin McGeehan, ISN/CPI, (202) 647-5408, McGeehanKJ@state.sgov.gov and John Sandage, IO/PSC, (202-736-7739, SandageJB@state.gov.

¶8. (U) Department thanks Posts for its assistance.
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